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U.S. Overestimated Soviet Military Outlay

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WASHINGTON - The United States overestimated the growth rate of Soviet military spending from 1976 to 1981, putting it at 3% instead of 2% in each of the five years, senior U.S. specialists on the Soviet economy acknowledged Thursday.

The embarrassing revision is certain to have major political impact as Congress prepares to debate the Reagan Administration's record request for \$274 billion in military spending for next year. The White House and the Pentagon have cited high and increasing Soviet defense expenditures to justify the request.

Now, however, the Central Intelligence Agency and Defense Intelligence Agency have agreed that Soviet defense spending is growing at a slower rate than previously believed, even as the U.S. defense spending rate increases.

The U.S. defense budget rose an average of 6% per year since 1976, and the new request represents a 9.5% rise over 1983, according to Pentagon figures.

The senior U.S. officials, who declined to be identified by name or agencies, maintained, however, that the Soviets have far outspent the United States in absolute numbers, irrespective of growth rates, and that they continue to do so.

For 1981, the last year for which Soviet figures have been calculated, the Soviets spent \$222 billion on defense, compared to \$154 billion by the United States, they said. Over the entire decade of the 1970s, the Soviets spent 80% more than the United States, according to DIA and CIA figures.

The officials denied published reports that the DIA and CIA have disagreed over the Soviet spending growth rates. Both agencies accept 2%, not 3%, the officials said.

However, sources noted that the fact that the two agencies have been debating the issue for at least nine months suggests initial disagreements. The present consensus reflects a strong desire to present a united front, one source said.

The basic reason for the controversy over Soviet military spending is that the Kremlin does not release true figures. For example, it claims to have spent only \$26 billion on defense in 1981, one-tenth of the U.S. calculations, which are based on estimating the cost of Soviet weapons, personnel and the like, as detected by U.S. intelligence methods.

Agency Disagreement Denied

Soviet defense spending historically has increased at an annual rate of 3% through 1975, the officials said. The reasons for its drop to 2% after that are not known.

The officials firmly rejected suggestions that the slowdown was solely because of the slower overall growth rate of the Soviet economy or that the defense cutbacks were ordered by the Politburo in 1976.

Instead, they released one page of a forthcoming revision of the Pentagon booklet, "Soviet Military Power," which claims that the Soviet spending downturn was cyclical, or temporary, and that a new growth spurt in weapons production could come soon to wipe out the slowdowns.

"The large Soviet research and development effort, coupled with observed expansion in military production facilities, suggests that the dollar costs of Soviet military procurement may soon resume their historical growth (of 3%)."

In contrast, last year's Pentagon booklet said that "throughout the 1970s, the Soviets have consistently allocated from 12% to 14% of gross national product to military programs (compared to 5% to 6% for the United States) in spite of a marked downward trend in the rate of economic growth.

"If this trend continues, the percentage allocated to the military will increase," it predicted last year. "There are no signs of a de-emphasis of military programs."

The officials claimed Thursday that small declines in Soviet growth rates were seen in the early 1950s and 1960s before the introduction of new weapons systems. They anticipate that new Soviet aircraft and missile models will be produced in the future to restore the past growth rates.

The officials also said that they have identified a 2% growth rate earlier in each of 1979 and 1980 but considered them temporary decreases that would disappear. Over the last nine months, however, in examining all the evidence for weapons deployment in 1981, they concluded that the 2% rate continued.

They then re-examined earlier years and concluded that the 2% growth rate applied for the entire 1976 to 1981 period, rather than the 3% average.